

Full

MUNRO COPPER MINES LIMITED

(NO PERSONAL LIABILITY)

August 22, 1967.

The Globe & Mail,
140 King Street West,
Toronto, Ontario.

Gentlemen:

Whereas the mine is now approaching a stage where it is self-supporting on a daily production basis, additional funds are required to be specifically used as follows:

- (1) To provide working capital and to make pro rata payments to creditors;
- (2) To pay bond interest;
- (3) To institute an intensive development programme with the plan to increase the capability of the underground output to six hundred and to seven hundred tons per day;
- (4) To increase the ore reserves and further explore the potential of the property.

In view of the above, a financing plan has been proposed which, subject to the approval of the Munro Bondholders later, the Ontario Securities Commission, will provide for:

- (1) The issue of Supplementary Letters Patent increasing the authorized capital of the Company from 5,000,000. shares to 7,000,000. common shares of a par value of \$1.00;
- (2) A change in the bond conversion privilege allowing the Bondholders to convert bonds into shares at seventy five cents (75¢) a share instead of the present price of one dollar (\$1.00) per share;

- (3) Subject to the approval of the Ontario Securities Commission, the sale of shares to provide the Company with \$300,000.- \$450,000.. The Company presently has a firm underwriting arranged with Ord, Wallington & Co. Ltd. that subject to certain conditions will provide for the sale of 700,000 common shares to net the Company \$315,000. and would further provide another \$207,500 if options are exercised;
- (4) An agreement with the Company's creditors wherein they accept a proportionate and deferred payment of their outstanding accounts as of August 22, 1967. As the Company accumulates cash surpluses from production, proportionate payments will be made to creditors.

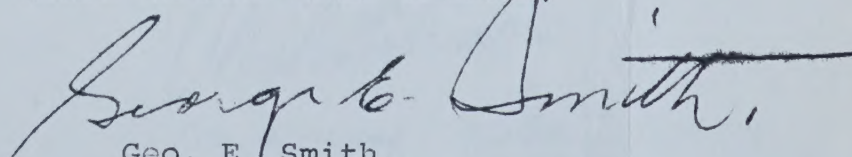
The Company presently has liabilities of approximately \$1,500,000. After receipt of said underwriting monies, we propose to pay the creditors five per cent (5%) of their accounts unpaid as of August 22, 1967. The balance will be paid periodically as the Company generates funds from its underground operations and stock options. It is expected that a surplus of approximately \$50,000.00 per month will be realized from underground operations.

The property, plant and equipment are all subject to a First Mortgage to secure the Bondholders.

We ask your approval and support for these financing arrangements by signing in the space provided below and returning this letter in the self-addressed envelope enclosed as soon as possible.

Yours very truly,

MUNRO COPPER MINES LIMITED,

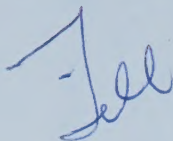

Geo. E. Smith,
President.

Accepted

Dated.....

MCDONALD, CURRIE & CO.

CHARTERED ACCOUNTANTS

INTERNATIONAL FIRM
COOPERS & LYBRANDTELEPHONE 366-2551
120 ADELAIDE STREET WEST
TORONTO 1, CANADA

March 1, 1968

TO THE UNSECURED CREDITORS OF
MUNRO COPPER MINES LIMITED

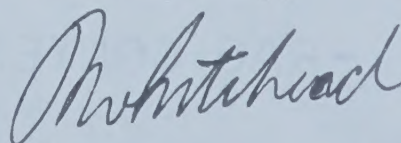
Re: Plan of Compromise or Arrangement under
the Companies Creditors Arrangement Act
of Canada

This letter is to advise you of the progress to date in meeting the terms and conditions set out in the Plan of Compromise.

On December 20, 1967 at meetings held in the Lord Simcoe Hotel, Toronto, the bondholders and the unsecured creditors approved the Plan. On the same day, the shareholders with the consent of the bondholders authorized an increase in the capital of Munro Copper Mines Limited from \$5,000,000 to \$7,500,000 as set out in the Plan. On January 19, 1968, by the order of Mr. Justice Fraser the Plan of Compromise or Arrangement was approved. At the date of writing the company has obtained Supplementary Letters Patent increasing the share capital of the company. The solicitors for the bondholders have completed the supplementary trust deed. The company's solicitors and accountants are working on the preparation of the prospectus preliminary to implementing the underwriting contemplated under the Plan. I am informed that it may be a few weeks before this task has been successfully completed.

Your Creditors' Committee have met twice to date in carrying out their duties as set out in the Plan. It is my intention to write you again as soon as the underwriting has been approved and arranged, as this will determine the effective date of the Plan.

Yours very truly,



JSW:se

J.S. Whitehead - Chairman, Unsecured
Creditors' Committee

